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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/209,815	12/11/1998	ROBERT A. FERSTENBERG	8854-0006	6481

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EXAMINER

MYHRE, JAMES W

ART UNIT

PAPER NUMBER

2162

DATE MAILED: 11/27/2001

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.  
09/209,815

Applicant(s)  
Ferstenberg et al

Examiner  
James W. Myhre

Art Unit  
2162

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on Oct 11, 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 116-147 is/are pending in the application.
- 4a) Of the above, claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 116-147 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claims \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are objected to by the Examiner.
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved.
- 12) ☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).
- a) ☐ All b) ☐ Some\* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \*See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

## Attachment(s)

- 15) ☐ Notice of References Cited (PTO-892) 18) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 16) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 19) ☐ Notice of Informal Patent Application (PTO-152)
- 17) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s). \_\_\_\_\_ 20) ☐ Other:

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## **DETAILED ACTION**

### ***Request for Continued Examination***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on October 11, 2001 has been entered.

### ***Response to Amendment***

2. The amendment filed on October 11, 2001 has been considered but is ineffective to overcome the Ausubel (5,905,975) and Thiessen (5,495,412) references.

### ***Double Patenting***

3. The Examiner maintains the double patenting rejection of the pending claims over certain claims in U.S. Patent number 5,873,071 as previously discussed in paragraph 3 of paper number 10. The Applicant has indicated in the amendment filed on October 11, 2001 that a Terminal Disclaimer will be filed upon an indication of allowable claims in the present application.

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***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 116-130, 133, and 135-147 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel (5,905,975).

Claims 116, 127, 128, 135, 137, 139, 146, and 147: Ausubel discloses a method and computer readable medium with computer instructions for negotiated transactions of commodities (col 7, lines 27-35), comprising:

a. Generating electronic opening messages requesting commodities by a plurality of participants (buyers and/or sellers)(col 7, lines 23-35; col 10, lines 42-46; and col 11, lines 5-10);

b. Generating electronic offer messages from the intermediary to the participants to buy and/or sell commodities within the intermediary's objectives (parameters/guidelines/bidding rules)(col 11, lines 5-10);

c. Generating counter-offer messages generated within the buyer/seller's objectives (parameters/guidelines/bidding rules)(col 11, lines 5-10);

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d. Repeating steps b and c until an agreement is reached which is within the objectives (parameters/guidelines/bidding rules) of the buyers and sellers and the quantity offered for sale equals the quantity offered for purchase (col 9, lines 36-38 and col 11, line 44 - col 12, line 19).

Ausubel further discloses at least one of the participants is a seller (col 10, lines 42-56) and that the “users are buyers, sellers or brokers” (col 7, lines 23-27). As previously argued, this is inherent in any commodity auction or exchange system. Without sellers, there could be no buyers. Furthermore, the Applicant pointed out in lines 4-6 on page 17 of the amendment filed February 7, 2001, that the auctioneer in Ausubel corresponds to the claimed intermediary. While possible, it is rare that the auctioneer is the owner of the commodities or items being auctioned. In the great majority of auctions (and stock/futures/commodity exchanges) the auctioneer merely facilitates the negotiation and transfer of items from seller to buyers. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made that since the buyers in Ausubel are purchasing commodities there must also be at least one seller selling the same number of commodities. One would have been motivated to include sellers in the system in order to have commodities available for the buyers to purchase.

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Claim 117: Ausubel discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the messages being sent to and from the intermediary (auctioneer) and not directly between the participants. The Applicant has explicitly admitted that Ausubel discloses this feature on page 12 of the response filed on October 11, 2001 (paper number 14): “Ausubel’s computer-implemented auctions are carried out by messages exchanged (illustrated by double-headed arrows) exclusively between the single, central auctioneer system and each, individual user system”.

Claim 118: Ausubel discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses sending from the seller to the buyers through the intermediary messages containing data representing commodities available for exchange (col 11, lines 5-10).

Claims 119, 120, 129, 135, and 140-142: Ausubel discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the subsequent counter-offer amounts are less than or equal to the offer amounts in the previous offer messages (col 11, lines 15-32).

Claim 121: Ausubel discloses a method for negotiated transactions of commodities as in Claim 116 above. While Ausubel does not explicitly disclose generating the messages so as the exchange is determined in 90 seconds or less, the Examiner notes that this is a design decision. The system could arbitrarily be set to determine (i.e. complete) the exchange (auction) in 60 seconds, 120 seconds, or three days. Placing time limits on auctions is old and well known

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throughout the auction art. In virtually every “sealed bid” auction there is a set cutoff time for submitting bids and manytimes a set number of rounds of bids. Ausubel discusses in the Background of the Invention (col 1, lines 21-58) the disadvantages of complex auctions lasting for a long period of time and gives as an example the Federal Communications Commission broadband auctions in 1994-1996 which lasted for over 100 rounds and over three months each. Ausubel cites in the Summary of the Invention that by using his electronic auction “the auctioneer can run the auction at a faster pace” (col 2, lines 21-22) and that the “efficient auction procedure is guaranteed to terminate in a finite time” (col 5, lines 26-28). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to set a time limit, such as 90 seconds, to complete the auction. One would have been motivated to select 90 seconds as a possible time limit in order to allow the participants enough time for multiple offers (bids) while still terminating the auction within a finite time as discussed by Ausubel.

Claims 122, 123, and 143: Ausubel discloses a system and method for negotiated transactions of commodities as in Claim 116 above, and further discloses that the objectives reflect the interests of the participants (col 11, lines 15-57) and are used to generate the counter-offers (col 11, lines 5-10).

Claim 124: Ausubel discloses a method for negotiated transaction of commodities as in Claim 116 above, and further discloses the seller using a parameterized utility function which reflects the interests of the buyers (col 12, lines 39-67).

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Claims 125, 126, 136 and 138: Ausubel discloses a method for negotiated transactions of commodities as in Claims 125 and 137 above. While Ausubel does not explicitly disclose that the prices are externally obtained, it is old and well known in the commodity trading arts to use the current market price as a starting point in negotiations. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use the external market price as a starting point in the Ausubel system.

Claim 130: Ausubel discloses a system for negotiated transactions of commodities as in Claim 129 above, and further discloses the offer messages maximize the total amount of commodities exchanged (col 11, line 40 - col 13, line 5).

Claims 133 and 145: Ausubel discloses a system and method for negotiated transactions of commodities as in Claims 129 and 140 above, and further discloses the generating the offer amounts in order to maximize the value of the utility function (col 11, line 40 - col 12, line 19).

Claim 144: Ausubel discloses a method for negotiated transactions of commodities as in Claim 140 above, and further discloses expressing the objectives according to portfolio theory (col 6, lines 50-63) and used to generate the counter-offers (col 11, lines 5-10).

6. Claims 131, 132, and 134 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel (5,905,975) in view of Thiessen (5,495,412).

Claims 131, 132, and 134: Ausubel discloses a method for negotiated transactions of commodities as in Claims 129 and 133 above and discloses the system rationing the “objects



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among the users in accordance with the auction rules” (col 13, lines 3-5), but does not explicitly disclose measuring the unfairness of the share division of the commodity offers when rationing the objects. Thiessen discloses using an unfairness calculation (satisfaction function) for resolving conflicting goals of participants during negotiations (col 4, lines 13-44) to maximize the satisfaction level (thus, minimizing the unfairness level) for each participant and to reach “an acceptable division of benefits among all parties” (col 11, lines 46-47). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to perform similar calculations during the negotiations in Ausubel to ensure the final commodity exchange (rationing) is equitable and fair to all participants. One would have been motivated to calculate and apply the fairness factor in order to prevent alienation of certain participants who may feel as if they were treated unfairly. This would especially apply in situations where the size of the participants varies greatly. For instance, an individual desires to purchase 50 units of a commodity while three investment entities desire to purchase 1,000 units each of the same commodity. If there were only 2,500 units of this commodity offered for sale, the individual would most probably feel it unfair if the investment entities were allowed to purchase all of the commodities available and none were left for him to buy. By using one of Thiessen’s satisfaction calculations, all four purchasers would receive an equitable amount of units.

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*Response to Arguments*

7. Applicant's arguments filed October 11, 2001 have been fully considered but they are not persuasive.

a. The Applicant argues that in Ausubel "No messages at all are exchanged directly between the users" (page 12) and then argues that in the present invention "No messages at all are exchanged directly between the participants" (page 14). The Examiner agrees that both inventions show the messages being directed to and from the intermediary (auctioneer).

b. The Applicant further argues that in the present invention the participants control the negotiations while in Ausubel the intermediary controls the negotiations (pages 14 and 15). The Examiner notes that in both inventions the participants and intermediary exchange messages containing offers and counter-offers as is normal within negotiations. In either invention the acceptance of one of these offers/counter-offers by the other side would complete the negotiation process and end the exchange/auction. In Ausubel the negotiation process is initiated by a user (seller) indicating that he has an amount of one or more commodities for sale. The auctioneer then notifies other users (buyers) of the offer, receives counter-offers (or acceptances) from one or more of the buyers. The auctioneer then either accepts the counter-offers if they fall within the seller's specified parameters or else send out another offer (counter-offer to the counter-offer) based on the seller's directions. Ausubel further discloses that all three entities could be computer programs instead of actual human beings and that the users' parameters/directions could be stored either in the user's system, in the central auctioneer's system, or in a third-party system.

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Therefore, the auction/ negotiations is being controlled by the parameters/directions of the users. The auctioneer is merely facilitating the matching of these, most probably, conflicting parameters to arrive at an equitable solution.

c. The Applicant also argues that the object in Ausubel is either transferred to or from the auctioneer, not directly between the participants (page 16). The Examiner notes that Ausubel's disclosure that his invention could be used for items such as "bonds, bills, notes, stocks, and other securities or derivatives" refutes this argument. It is rare that an auctioneer who is auctioning these types of objects actually has possession of the object. Once the negotiations are through, the losing entity (seller) transfers the object(s) directly to the winning user (buyer). Furthermore, even in auctions of tangible objects, the auctioneer rarely has title to the object being sold. The auctioneer merely negotiates the sale of the object(s) being the owner and the buyer(s), although it is possible that the owner and the auctioneer could be one in the same.

d. The Applicant argues that the messages always "include digital data representing both buy and sell amounts for one or more commodities" (page 17). The Examiner interprets this to mean a single message must contain an amount the user is willing to buy, an amount the user is willing to sell, or the amounts the user is willing to buy and sell (most likely of multiple commodities). Ausubel explicitly discloses that the messages contain the amount the user is willing to buy or sell at the offered price, and further discloses the user may submit "flexible bid information" which includes alternative configurations of amounts and prices that the user is willing accept (See Example Two, col 13, lines 23-41). If, on the other hand, the Applicant is

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attempting to claim that the messages contain the amount of one commodity that the user wants to “exchange” for a specified amount of another commodity, the Examiner would interpret this as a normal bartering system. Even using this interpretation, the offer to exchange an amount of one commodity for an amount of money as in Ausubel is equivalent. The Examiner notes that in the bartering economies of the ancient cultures around the world, coinage was developed as a substitute for an actual commodity and soon became to be accepted as a commodity on its own (although normally backed by silver, gold, or other precious metals). Therefore, the users in Ausubel offer to exchange an amount of one commodity for an amount of another.

e. The Applicant also argues that Ausubel discloses “exclusively price-sensitive messages” (page 20). Whereas, the present invention determines the commodity exchange amounts “without regard to price”. As discussed in the preceding paragraph, an offer to exchange money for an object is an offer to exchange one object (commodity) for another object (money). It is obvious that if one desired to return to a bartering economy that the money object could be replaced with another type of object. The Applicant’s inclusion of price in the dependent claims further support the Examiner’s position. Additionally, even if the two commodities were separate tangible objects such as bonds, the users involved in the negotiations need to have some way to measure the “value” of each commodity. In our society, this value is measured in dollars and cents, i.e. money. Without some common way to measure the value of each commodity, it would be impossible for the user to determine if the exchange was equitable or not. Finally, Ausubel discloses comparing the amounts of the commodities in the offers and counter-offers, not the

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prices, when determining whether to continue negotiations or not. Therefore, the inclusion of a price field in the offer messages of Ausubel is incidental and not used in the determination of the amounts to be exchanged.

f. The Applicant's argument pertaining to completing the exchange "in less than 90 seconds" (pages 20 and 21) has been discussed at length in the rejection of Claim 121 above.

g. The Applicant's argument pertaining to the unfairness calculation has been discussed in the rejection of Claims 131, 132, and 134 above. The Examiner notes that both references pertain to method for completing negotiations using an intermediary. Ausubel further discloses that upon completion of the auction, the objects would be rationed to the winners in accordance with the auction rules. Thiessen discloses using satisfaction rules to ensure each participant receives the most "satisfaction" with the end result of the negotiation process, i.e. the rationing of the objects. As discussed in the example above, these two terms go hand-in-hand. If a user feels that the final agreement is unfair, his satisfaction with the deal will go down, and vice versa. Likewise, if the user is more satisfied with the current offer than a previous offer, he is less likely to feel that the agreement is unfair.

h. The Applicant finally argues that Thiessen does not teach or suggest "the opening, offer, and counter-messages and their contents". The Examiner notes that these features are already present in the Ausubel reference. Thiessen is directed towards the equitable "division of benefits among all parties" during a negotiation process, such as Ausubel's auction. Therefore, all claimed features are disclosed by these two references.

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***Conclusion***

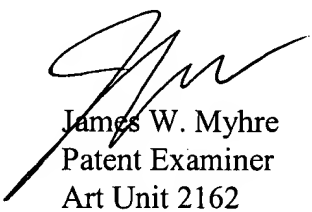
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. James W. Myhre whose telephone number is (703) 308-7843. The examiner can normally be reached on weekdays from 6:30 a.m. to 3:30 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (703) 305-8469. The fax phone number for Formal of Official faxes to Technology Center 2100 is (703) 746-7239 or 7238. Draft or Informal faxes for this Art Unit can be submitted to (703) 746-7240. Draft faxes may also be submitted directly to the examiner at (703) 746-5544.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group Receptionist whose telephone number is (703) 308-3900.

  
JWM

November 23, 2001

  
James W. Myhre  
Patent Examiner  
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